

enerPLUS

SENATE TAXATION

EXHIBIT NO. 14

DATE 3-28-07

FILE NO. HB-561

March 28, 2007

Montana Senate Taxation Committee Members:

I ask that you and your fellow members of the Senate Taxation Committee vote "No" on SB-561. We at Enerplus have drilled over 145 horizontal oil wells to the Bakken formation in Richland County, Montana since 2000. The current production tax structure in Montana, whereby horizontal oil wells have a reduced tax rate for the first 18 months of production, has played a significant role in encouraging oil and gas development in Eastern Montana. The new development has created dramatic job growth in an economically underserved area of Montana, doubled oil production in Montana and associated revenue to the State, and put Montana at the forefront of the application of state of the art oil industry extraction technology.

SB-561, which proposes to reduce the tax rate reduction period to six months, will significantly reduce the economic competitiveness of drilling horizontal wells in Montana. The geographical limits of the Bakken formation in Richland County have effectively been determined; therefore future horizontal drilling by Enerplus and others will focus on smaller, less economic targets. Drillings costs have increased 25% per year for the last two years and Eastern Montana oil production has been receiving a historically large negative differential to national oil prices. Reducing the tax rate reduction period for wells that are becoming economically marginal will contribute one more hurdle to economic development opportunities to Eastern Montana.

I strongly encourage you to make Montana economically competitive by voting "No" on SB-561. You will encourage economic development in Montana by maintaining clear and consistent taxation and not altering the current production tax structure. Please call or write with any questions.

Sincerely,



Gregory Wilcox
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